



UK Trade  
& Investment

UKTI DSO Priority Market Brief

# Defence & Security Opportunities Brunei



# Defence & Security Opportunities

## Brunei



### Why this market is important

Brunei has a population of around 420,000, the majority being Malays. Brunei, which gained full independence from Britain only in 1984, is a disproportionately important partner for the UK. It remains strongly anglophile in its education system (2,000 Bruneians study in the UK), its commercial partnerships, and its defence relations. Much of its oil and gas is produced by Shell and the Brunei Investment Agency (the SWF) invests a significant proportion of the country's wealth through the City of London. The UK maintains, although the in-Brunei costs are met by the Sultan, a British Armed Forces Garrison in Brunei as the lynch-pin of UK-Brunei relations, and Brunei further provides vital (and unique) training areas for British Armed Forces. HMG's goal is to retain a dominant position in these key areas, and to maximise our share of influence as Brunei diversifies its economy and puts increasing emphasis on regional partners like ASEAN and China. As it does so, Brunei will also provide a UK-friendly window into the key growth area of SE Asia.

### Economic background (2011 figures)

**GDP (BN\$):** 16,867 (2010), 20,579 (2011)

**GDP per capita (BN\$):** 40,703 (2010) 48,685 (2011)

**Notes:** 2011 are last whole-year figures available (see "Brunei Darussalam Key Indicators 2nd Release, JPKE Prime Minister's Office, Brunei, April 2012, 2012" available on the JPKE PMO website). Approximately BN\$2 = GBP1 (2012 exchange rates)

### Defence economics

#### Defence Budget:

**2009:** US\$378m

**2010:** US\$372m

Source: IISS and the Military Balance 2011

## Defence opportunities

Please see the Brunei Defence White Paper 2011, available on the Ministry of Defence website ([www.mindef.gov.bn](http://www.mindef.gov.bn)) for the latest published information.

The British Armed Forces are held in very high regard in Brunei and the Ministry of Defence/Royal Brunei Armed Forces (RBAF) will use the equipment in service (ie. not necessarily of UK origin) with the British as a starting point for consideration in many areas of capability.

Key priorities for the short-to-medium-term for increasing the capability of the Royal Brunei Armed Forces are:

- ISR assets, including IR and TIR sensors for helicopters, and possibly a Maritime Patrol Aircraft.
- Tactical surveillance assets for Land Forces.
- Range of armoured vehicles for Armoured Combat Unit.
- Increased short-to-medium range direct firepower at both unit and squadron level.
- Increased indirect firepower.
- Integrated mobile air defence radar.

New capabilities will have to be integrated into existing capabilities and, where applicable, contribute to the situational awareness picture developed in the Joint Operational Centre.

Please note that the Brunei Ministry of Defence still depends on the use of consultants during the acquisition process. While this provides opportunities for some UK companies, on occasion the consultant may be unfamiliar with solutions offered by British companies, and this should be borne in mind.

## The Brunei defence market and how to do business

The following general information is intended as a preliminary guide to help UK defence companies understand the Brunei Defence Market. It is not intended to be exhaustive.

### The Brunei Defence Market

It should be noted that Brunei will only ever be a small defence market. The small size of the Royal Brunei Armed Forces is one factor, as is Brunei's desire to be seen to live up to the second part of the country's name – "Darussalam", the Abode of Peace. Nevertheless, Brunei is concerned about any potential deterioration in the regional security situation. It is also looking to increase its (currently very limited) deployments on peace keeping operations and potentially on regional HADR operations.

There is also pressure on all areas of Brunei Government expenditure and the defence budget is not an exception. The Ministry of Defence continues to flatten its acquisition spending profile.

### Fundamentals needed to succeed in the Brunei Defence Market

Brunei is not a short-term market. It is also not a market that can be accessed solely from a distance. Traditionally, business has depended on relationships developed over the long-term. While this may have changed slightly in recent years, in general companies that take time to build up relationships and commit to a long-term presence in Brunei will tend to do better.

Patience and perseverance are virtues as decision making and award of contracts can be protracted. Correspondence will not always be answered immediately.

The Ministry of Defence is increasingly an 'intelligent customer'. Companies should look to highlight where their solution provides value for money, and to provide through-life support and maintenance solutions as an option even if not explicitly requested (in the 2011 Brunei Defence White Paper it is stated that consideration of the Bruneian capacity to provide intermediate maintenance will be an element in all future major equipment contracts).

Brunei is a hot and humid country with some demanding environments (including dense jungle, lack of power supply in some areas, and destructive wildlife). While the Brunei Ministry of Defence will buy COTS and MOTS equipment, they will want guarantees that it will operate properly and effectively in the Bruneian environment if it is for deployed use.

Please see the British High Commission ([www.gov.uk/world/brunei](http://www.gov.uk/world/brunei)) and for more general information about doing business in Brunei ([www.ukti.gov.uk/defencesecurity.html](http://www.ukti.gov.uk/defencesecurity.html)).

### Routes to market

There is no 'preferred suppliers list' open for registration by companies, and major tender opportunities are rarely made public. The Brunei Ministry of Defence prefers to procure directly from companies, and the use of a local agent is not always considered beneficial. However, smaller routine but still worthwhile tenders may be issued at short notice in the local press (often only in Malay) and require payment of a small tender fee in person to receive the tender documents. For these it is necessary to have a local agent.

As indicated above, developing personal relationships through visits to Brunei, and providing briefings on products and solutions, will help develop a recognisable presence in the market. Companies thinking about visiting Brunei are welcome to make contact with UKTI DSO in London or at the British High Commission in Bandar Seri Begawan, Brunei.

Opportunities to provide briefings in the UK to visiting Bruneians may arise from time to time, particularly around the main UK defence exhibitions (FIAS, DSEI).

The biennial Brunei defence (and security) exhibition (BRIDEX) is a key opportunity for companies to show their interest in the Brunei market. The next BRIDEX will be in early December 2013.

### HMG support

DSO has in country lead with a First Secretary and one locally engaged support officer. In London DSO has a dedicated Brunei desk officer, working under the wider guidance of the Regional Director 1.

### Visit security clearance

Further guidance and the required forms are at: [www.gov.uk/defence-equipment-and-support-principal-security-advisor#inward-visits](http://www.gov.uk/defence-equipment-and-support-principal-security-advisor#inward-visits)

## Armed forces – military strength

<b>Active</b>	<b>7,000</b>
Army	4,900
Navy	1,000
Air	1,100
Paramilitary	2,250
<b>Reserve</b>	<b>700</b>
Army	700

Source: IISS and the Military Balance 2011

## Security Issues

Brunei has claims to parts of the South China Sea that are overlapped by the claims of neighbouring, and other, countries.

### Memberships:

Brunei is a member of the Association of Southeast Asian Nations (ASEAN), ASEAN Regional Forum (ARF), Asia-Pacific Economic Cooperation (APEC), the Commonwealth, the United Nations (UN), the International Maritime Organisation (IMO), Organisation of Islamic Conference (OIC), World Trade Organisation (WTO) and the Asia-Europe Meeting (ASEM).

### Involvement in overseas deployments:

Lebanon (UNIFIL) and Philippines (Mindanao).

## Domestic Defence Industrial Capability

Currently very limited with no specific defence manufacturing capability. Most industrial capability is related to the oil and gas sector. There is developing expertise and capacity in ICT, which is a sector specifically supported by the Brunei Government.

Future development of a Brunei defence industry, even if limited in scope and subject to some limitations, will be supported by the Brunei Government.

## Defence Imports & Exports 2006-10

**Identified Brunei Defence Import Procurement:  
Total: \$124M**

UK	\$99M
USA	\$25M
France	N/K
Australia	N/K

**Identified Brunei Defence Exports:  
None declared.**

Source: UKTI DSO Survey of Defence Exports & Various Open Sources

## Competitors

Brunei has traditionally bought most of its defence equipment from European countries (eg. Germany, Switzerland and the UK) or regional neighbours.

Within the region, Brunei has close defence ties with Singapore in particular. Their annual Defence Policy Dialogue allows both sides to exchange views on security issues of mutual interest and to discuss areas of bilateral defence co-operation. Both countries interact regularly through high-level defence visits, military courses and professional exchanges. Singaporean consultants (as well as consultants from other countries, including the UK) and lawyers are currently used by the Brunei Ministry of Defence during the acquisition process.

European companies are active regionally and in Brunei and have won business. France's Thales SA is active in the Asia-Pacific region with many of its systems providing air traffic control capabilities to local air traffic service providers including Brunei. Brunei now has in service three 80m Darussalam Class Offshore Patrol Vessels from Germany's Lürssen Werft, with one more still to be delivered. These follow on from the 40m Itjihad-class patrol boats supplied by Lürssen Werft in 2009.

Russia has hitherto failed to register on the competitor radar although Rosoboronexport did have a stand at Brunei's defence exhibition, BRIDEX, in July 2011.

At the strategic level, relations between the US and Brunei are good: the relationship dates from the 1800s when the two countries concluded a Treaty of Peace, Friendship, Commerce and Navigation (1850), which remains in force today. The US and Brunei signed a Defence Co-operation MoU in November 1994. The two countries conduct the annual military exercise Cooperation Afloat Readiness and Training (CARAT). The Office of Defense Co-operation (ODC) in Singapore is the single point of contact for all US Foreign Military Sales (FMS) programmes between the US Government and Brunei. The US has won a major acquisition contract for the procurement of Sikorsky S-70i Blackhawks to replace aging Bell helicopters, with delivery starting in 2014.

Canada and Australia both enjoy friendly relations with Brunei, and in early 2011 the Singaporean subsidiary of CAE won the contract for the Ministry of Defence's National Modelling and Simulation Centre.

## Procurement Organisation

For major acquisitions the Brunei Ministry of Defence prefers to procure directly and Requests for Information (RFI) and Invitations To Tender (ITT) will be sent direct to selected companies.

More routine procurement is sometimes carried out through local tenders, advertised on the Ministry of Defence website and in the local press.

However, some procurement – particularly in the broader security sector and on behalf of other Government departments who do not have their own resources for capability procurement – is carried out by Royal Brunei Technical Services ([www.rbts.com.bn](http://www.rbts.com.bn)).

## Offset Policy

Brunei does not currently have an offset policy. However, major acquisitions will contractually require the inclusion of local companies for some maintenance and support operations. Tender bids that go beyond the minimum and look to develop local industrial capability will be increasingly important. But please note that indigenous manufacture of weapons is not likely to be taken forward. Capability that can also be used for Humanitarian Assistance and Disaster Relief would definitely be of interest, as would any technology transfer/development of indigenous capability which has applicability to the wider ASEAN market.

## Key Personalities

### Head of State

#### (Prime Minister/Defence Minister/Finance Minister)

HM Sultan Hassanal Bolkiah

### General of the Royal Brunei Armed Forces (RBAF)

Crown Prince Haji Al-Muhtadee Bilah

### Deputy Minister of Defence

Dato PadukaHaji Mustappa Bin Haji Sirat

### Commander RBAF

Major General Dato Paduka Seri Haji Aminuddin Ihsan

## Further Information

If you require further information/clarification on anything in this fact sheet please contact:

UKTI Defence & Security Organisation  
BD Market Analysis  
Business Development Directorate  
1 Victoria Street  
London SW1E 6SW

T: +44 (0)20 7215 8209

E: [dso.businessservices@ukti.gsi.gov.uk](mailto:dso.businessservices@ukti.gsi.gov.uk)

## Next steps – How UKTI can help

British companies wishing to develop their business in the Brunei market are advised to undertake as much market research and planning as possible in the UK. UKTI's team in Brunei, with its wide local knowledge and experience, can provide a range of services to British-based companies wishing to grow their business in global markets.

This can include:

- Provision of market information
- Validated lists of agents/distributors
- Key market players or potential customers in the Brunei market
- Establishment of interest of such contacts in working with you.

This work is available via our Overseas Market Introduction Service (OMIS) a chargeable service which assists British-based companies wishing to enter or expand their business in overseas markets.

To find out more about commissioning this work, or accessing other UKTI services and specialist advice, please visit the UKTI website to find contact details for your local UKTI office.

May 2013



## Other Useful Contacts

### Brunei Desk, UKTI Defence & Security Organisation

#### Brunei Desk Officer

UKTI Defence & Security Organisation

1 Victoria Street

London SW1H 0ET

T: +44 (0)20 7215 8097

### Brunei High Commission, London

Defence Adviser Lt Col abas

19-20 Belgrave Square

London SW1X 8PG

### British High

#### Commission Brunei

#### British High Commission

Bandar Seri Begawan

2.01 – 2nd Floor

Block D

Kompleks Yayasan Sultan Haji Hassanal Bolkiah

Bandar Seri Begawan

BS 8711

Brunei Darussalam

[www.gov.uk/world/brunei](http://www.gov.uk/world/brunei)

## Other Useful Websites

### UKTI Doing Business in Brunei Guide

[www.ukti.gov.uk/export/countries/asiapacific/southeastasia/brunei/doingbusiness.html](http://www.ukti.gov.uk/export/countries/asiapacific/southeastasia/brunei/doingbusiness.html)

### Brunei Ministry of Defence

[www.mindef.gov.bn](http://www.mindef.gov.bn)

### Brunei Travel Advice

Travel information and general embassy contact details can be found at:

[www.gov.uk/world/brunei](http://www.gov.uk/world/brunei)

### BBC Country Profiles

[www.bbc.co.uk/news/world-asia-pacific-12990058](http://www.bbc.co.uk/news/world-asia-pacific-12990058)

### Visa services and links

Passports should have six months validity remaining when you enter Brunei. UK citizens are exempt from the requirement of a visa for visits of up to 30 days. For a longer stay, visas can be acquired at the airport through immigration upon arrival. The fee is no more than \$50. Please consult the Brunei immigration website for more information about residence/work permits: [www.immigration.gov.bn/visiting.htm](http://www.immigration.gov.bn/visiting.htm)

### Brunei Government e-Government 'portal'

Links to government websites, including Ministries and Departments, and services. [www.gov.bn/en/Services/Categories/Pages/default.aspx](http://www.gov.bn/en/Services/Categories/Pages/default.aspx)

**The CIA World Factbook** provides information on the history, people, Government, economy, geography, communications, transportation, military and transnational issues for 266 world entities. The reference tab includes: maps of the major world regions, as well as flags of the world, a physical map of the world, a political map of the world, and a Standard Time Zones of the world map.

[www.cia.gov/library/publications/the-worldfactbook/](http://www.cia.gov/library/publications/the-worldfactbook/)

Whereas every effort has been made to ensure that the information given in this document is accurate, neither UK Trade & Investment nor its parent Departments (the Department for Business, Innovation and Skills, and the Foreign and Commonwealth Office), accept liability for any errors, omissions or misleading statements, and no warranty is given or responsibility accepted as to the standing of any individual, firm, company or other organisation mentioned.

© Crown Copyright

Cover image: © Crown Copyright/MOD

Published 2013 by UK Trade & Investment